

CONCLUSIONS OF THE MEETING OF V4 ENERGY REGULATORS

Ostrava, 17 September 2015

Attendees:

- ERO (CR): Mrs Alena Vitásková (Chairwoman), Mr Martin Šik,
Mr Vladimír Černý
- ÚRSO (Slovakia): Mr Jozef Holjenčík (Chairman)
- URE (Poland): Mr Maciej Bando (Chairman)
- MEKH (Hungary): Mr Attila Nyikos (Vice-Chairman)

The V4 countries' regulators met on the occasion of the 6th International Energy Club Conference in Ostrava. The meeting was part of the programme of the Czech presidency of the Visegrad Group. On the basis of the discussions during the meeting the representatives of the V4 countries' energy regulators arrived at the following conclusions.

ELECTRICITY OVERFLOWS FROM GERMANY, SPLITTING OF THE SINGLE GERMAN-AUSTRIAN MARKET

The regulators discussed the results of the voting of the Board of Regulators on the Opinion of the Agency for the Cooperation of Energy Regulators (ACER) on the existence of a single German-Austrian bidding zone. In its Opinion ACER confirms the convictions shared by the V4 countries' regulators for a long time, that the massive electricity loop flows are, at least partly, caused by the existence of a single German-Austrian bidding zone. The conclusions of this Opinion have to be brought to life now, and capacity allocation should be implemented on the German-Austrian border in line with the applicable EU legislation. The splitting of the German-Austrian bidding zone will significantly mitigate the blackout risk, enhance business opportunities for energy companies in the V4 countries, and make German and Austrian partners begin participating in the payment of the costs caused by the loop flows. The decision will ultimately help to deepen the electricity market integration and achieve a fully operational internal energy market. The V4 countries' regulators completely support a speedy implementation of the electricity target model for the market, which will take ACER's Opinion into account. The adoption of the Opinion is an unquestionable success of the V4 countries' joint action.

EVALUATION OF THE IMPACTS OF THE CONTINUING ENERGY MARKET LIBERALISATION

The regulators discussed the proposal put forth by ERO Chairwoman, Mrs Alena Vitásková, for preparing a joint analysis of energy price deregulation. Each of the V4 countries opted for



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a different approach to energy market liberalisation, ranging from the complete deregulation of the commodity component of the price to the process of approving traders' proposals to administrative price setting. Because of the EU's increasing pressure for complete deregulation, the right time has come for evaluating which of the approaches is the best for end consumers. The regulators have agreed to hold the next meeting in Hungary. Approaches to the calculation of end prices of energy in each of the countries will be presented at the meeting. On the basis of this exchange of experience, work on detailed analysis will be started at the working level.

REGULATORS' INDEPENDENCE AND REGULATION AT THE EUROPEAN LEVEL

The regulators discussed the position of national regulatory authorities and regulation at the European level in the future energy union and will communicate their opinions on the European Commission's proposals presented in the summer package. The regulators agreed that ACER can operate as an arbitrator in the case of cross-border disputes. They acknowledged that it is appropriate to modify ACER's functioning to reflect the developments in electricity markets. However, they emphatically rejected the transfer of national regulatory authorities' powers to ACER.

V4 COUNTRIES' JOINT CENTRE FOR MONITORING WHOLESALE MARKETS (REMIT)

The regulators discussed the option of setting up a V4 regional centre in Ostrava for monitoring wholesale energy markets. If set up, such centre would bring about significant cost savings and greater effectiveness of supervision over markets thanks to the direct sharing of experience and findings amongst national regulators. Energy is traded regardless of national borders, and regulators also have to respond to this and look for regional solutions. The regulators acknowledged the pluses of the regional approach and agreed to take any further steps following an evaluation at the expert level.